

RESOLUTION NO. 96- 101

BEFORE THE CITY COUNCIL OF THE CITY OF LODI, CALIFORNIA

**A RESOLUTION DETERMINING UNPAID ASSESSMENTS AND
PROVIDING FOR ISSUANCE OF BONDS**

LODI CENTRAL CITY REVITALIZATION ASSESSMENT DISTRICT NO. 95-1

RESOLVED, by the City Council of the City of Lodi, California, as follows:

RECITALS

1. On September 20, 1995, this Council adopted its Resolution No. 95-119, A Resolution of Intention to Acquire and/or Construct Improvements and to Refund Prior Bonds Issued (the "Resolution of Intention"), relating to the acquisition and/or construction of public improvements under and pursuant to the provisions of the Municipal Improvement Act of 1913, Division 12 of the Streets and Highways Code of the State of California for the Lodi Central City Revitalization Assessment District No. 95-1 (the "Assessment District"). By the Resolution of Intention, the Council provided that improvements bonds would be issued thereunder pursuant to the provisions of the Improvement Bond Act of 1915, Division 10 of the Streets and Highways Code of the State of California (the "Bond Law") and reference to the Resolution of Intention is hereby expressly made for further particulars.

2. Notice of the recordation of the assessment and the opportunity to pay all or a portion thereof and the time so provided for receiving payment of assessments in cash has expired, and there is on file with the City Finance Director a list of all assessments which remain unpaid.

3. This Council now intends to provide for the issuance of improvement bonds upon the security of the unpaid assessments, all as hereinafter provided.

ARTICLE I

Section 1.01 DEFINITIONS. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Resolution and of any Supplemental Resolution and of the Bonds and of any certificate, opinion, request or other document herein mentioned, have the meanings herein specified.

"Act" means the Municipal Improvement Act of 1913, Division 12 of the Streets and Highways Code of the State of California.

"Agent" means the **First Trust of California National Association**, St. Paul Minnesota, appointed under Section 2.06 hereof to perform the duties of registrar, paying agent and transfer agent, for the authentication, registration, transfer and payment of the Bonds and the Agent's assigns or any other corporation or association which may at any time be substituted in its place.

"Assessment or Assessments" means the unpaid amounts of the special assessments levied against all taxable real property within the boundaries of the Assessment District pursuant to the Act and the proceedings of the Council under the Resolution of Intention, for the purpose of paying Debt Service on the Bonds under the Bond Law.

"Assessment District" means that portion of the City designated **"Lodi Central City Revitalization Assessment District No. 95-1,"** as established in proceedings under the Act and Resolution of Intention.

"Authorized Investments" means any (i) securities (other than those identified in paragraphs (a) and (d) of Section 53601 of the Government Code of the State) in which the City may legally invest funds subject to its control, pursuant to Article 1, commencing with Section 53600 of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code of the State, as now or hereafter amended; (ii) shares in a California common law trust established pursuant to Title I, Division 7, Chapter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State, as it may be amended, including but not limited to the California Arbitrage Management Program (CAMP); and (iii) the Local Agency Investment Fund, Sections 53600-53609 of the Government Code of the State, as now in effect or as may be amended or recodified from time to time, to the extent the Finance Director is authorized to register such investment in the Finance Director's name, and may restrict such investment if required to keep monies available for the purposes of this Resolution.

"Auditor" means the Auditor/Controller or Tax Collector of the County or other official of the County responsible for preparing property tax bills.

"Available Surplus Funds" means any surplus moneys held by the City at the end of each Fiscal Year in excess of the amounts required to pay lawful municipal obligations incurred in that Fiscal Year.

"Bond Date" means the date of initial issuance and delivery of the Bonds.

"Bond Denomination" means the amount of \$5,000 or any integral multiple thereof, which is the minimum amount in which the Bonds may be issued, except that one Bond may be issued in an odd amount.

"Bond Law" means the Improvement Bond Act of 1915, Division 10 of the California Streets and Highways Code.

"Bond Purchase Contract" means the agreement or contract whereby the City agrees to sell and the Original Purchaser agrees to buy all or a designated portion of the Bonds.

"Bond Register" means the books maintained by the Agent pursuant to Section 2.12 for the registration and transfer of ownership of the Bonds.

"Bond Year" means the twelve-month period beginning on September 2 in each year and ending on the day prior to September 2 in the following year except that (i) the first Bond Year shall begin on the Closing Date and end on the day prior to September 2 of the next calendar year, and (ii) the last Bond Year may end on a prior redemption date.

"Bonds" or "Bonds of this Issue" means Limited Obligation Improvement Bonds, City of Lodi, Series 1996-1, Lodi Central City Revitalization Assessment District No. 95-1, issued under this Resolution and the Bond Law, and at any time Outstanding.

"Certificate of the City" means a written certificate, statement, request, order or requisition signed by an Officer of the City duly authorized by the Council for that purpose.

"City" means the City of Lodi, County of San Joaquin, a municipal corporation of the State of California, duly organized and validly existing under and by virtue of the Constitution and the laws of the State of California.

"City Manager" means the City Manager or the Assistant City Manager of the City.

"Clerk" means the City Clerk of the City or Deputy City Clerk or designee thereof.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase price of such Bonds by the Original Purchaser thereof.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the issuer dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, including but not limited to compensation, fees and expenses of the City and the Agent and their respective counsel, compensation to any financial consultants and underwriters (other than those taken at discount on the Closing Date), legal fees and expenses, filing and recording costs, costs of preparation and reproduction of documents, costs of compliance with the Tax Code

relating to rebate to the United States under Section 5.08 and costs of printing, mailing and publication of notices with respect to the City and the Project.

"Costs of Issuance Fund" means the City of Lodi, Lodi Central City Revitalization Assessment District No. 95-1, Limited Obligation Improvement Bonds, Costs of Issuance Fund established under Section 4.03 of this Resolution.

"Council" means the City Council of the City.

"County" means the County of San Joaquin, State of California.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation including any Sinking Fund Payments, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Escrow Fund" means the City of Lodi, Lodi Central City Revitalization Assessment District No. 95-1, Limited Obligation Improvement Bonds, Escrow Fund established under Section 4.06 of this Resolution.

"Federal Securities" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

- (a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America); and

- (b) obligations of any department, agency, or instrumentality of the United States of America, the timely payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America.

"Finance Director" means the Finance Director of the City or designee thereof.

"Fiscal Year" means the period commencing on July 1 of each year and ending on the next succeeding June 30.

"Improvement Fund" means the City of Lodi, Lodi Central City Revitalization Assessment District No. 95-1, Limited Obligation Improvement Bonds, Improvement Fund established under Section 4.02 of this Resolution.

"Interest Payment Date" means each date upon which interest on the Bonds is payable, beginning March 2, 1997, and semiannually on each September 2 and March 2 thereafter until maturity.

"Officer of the City" means the City Manager, Finance Director, City Clerk, Director of Public Works, or any other official of the City authorized by the Council to carry out the terms of this Resolution.

"Original Purchaser" means the first purchaser of the Bonds from the City under the Bond Purchase Contract.

"Outstanding," when used as of any particular time with reference to the Bonds, means all Bonds theretofore executed, issued and delivered by the City and authenticated by the Agent under this Resolution except:

(a) Bonds theretofore cancelled by the Agent or surrendered to the Agent for cancellation;

(b) Bonds paid or deemed to be paid within the meaning of Section 6.03; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the City and authenticated by the Agent pursuant to this Resolution or any Supplemental Resolution.

"Owner" or "Registered Owner," when used with respect to any Outstanding Bond, means the person in whose name the ownership of such Bond shall be registered on the Bond Register.

"Principal Office" means the First Trust Center of the Agent in St. Paul, Minnesota, or such other office as shall be designated by the Agent in writing to the City.

"Prior Bonds" means the improvement bonds, Series 1984-1, issued by the City May 24, 1984, in its proceedings for the Lodi United Downtown Assessment District, Beautification Project.

"Project" means the the acquisition and improvements described in the Resolution of Intention and any changes and modifications thereto approved by the Council.

"Rebate Fund" means the fund by that name established by the City pursuant to the Tax Certificate.

"Record Date" means, with respect to the Bonds, the fifteenth (15th) day immediately preceding an Interest Payment Date.

"Redemption Fund" means the City of Lodi, Lodi Central City Revitalization Assessment District No. 95-1, Limited Obligation Improvement Bonds, Redemption Fund established under Section 4.04 of this Resolution.

"Redemption Premium" means two percent (2%) of the principal amount of the Bonds payable upon optional advance redemption of the Bonds as set forth in Section 2.14 of this Resolution.

"Redemption Price" means, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to this Resolution.

"Refunding Date" means the date (as specified in Exhibit A) prior to which the Bonds are not subject to refunding pursuant to Section 2.15 of this Resolution.

"Reserve Fund" means the City of Lodi, Lodi Central City Revitalization Assessment District No. 95-1, Limited Obligation Improvement Bonds, Reserve Fund established under Section 4.05 of this Resolution.

"Reserve Requirement" means the amount not exceeding the lesser of (a) ten percent (10%) of the principal amount of the Bonds, (b) 125% of the average annual Debt Service of the Bonds, or (c) the maximum annual Debt Service of the Bonds.

"Resolution" or "Resolution of Issuance" means this Resolution, as originally adopted or as it may from time to time be supplemented, modified or amended by any Supplemental Resolution pursuant to the provisions hereof.

"Resolution of Intention" means Resolution No. 95-123, A Resolution of Intention to Acquire and/or Construct Improvements and to Refund Prior Bonds Issued, adopted by the Council on September 20, 1995, as modified or amended and in effect on the Closing Date.

"State" means the State of California.

"Supplemental Resolution" means any resolution, agreement or other instrument hereafter duly adopted or executed by the City in accordance with the provisions of this Resolution.

"Tax Certificate" means the Tax Certificate executed and delivered by the City on the date of initial issuance and delivery of the Bonds setting forth the requirements of the Tax Code with respect to the Bonds and incorporated herein pursuant to Section 5.08.

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated under the Code.

Section 1.02 RULES OF CONSTRUCTION. All references in this Resolution to "Articles," "Sections," and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Resolution; and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Resolution as a whole and not to any particular Article, Section or subdivision hereof.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

Section 1.03 EQUAL SECURITY. In consideration of the acceptance of the Bonds by the Owners thereof, this Resolution shall be deemed to be and shall constitute a contract between the City and the Owners from time to time of the Bonds; and the covenants and agreements herein set forth to be performed on behalf of the City shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

ARTICLE II ISSUANCE OF BONDS

Section 2.01 BONDS AUTHORIZED. All acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Bonds have existed, happened and been performed in due time, form and the manner as required by law, and the Council is now authorized pursuant to each and every requirement of law to issue the Bonds in the manner and form as in this Resolution provided. The Bonds will be issued as serial and/or term bonds as set forth in the Bond Purchase Contract and Exhibit A hereto.

Section 2.02 UNPAID ASSESSMENTS. The Assessments now remaining unpaid are as shown on the list of unpaid assessments on file with the Finance Director, which list is hereby approved and which is incorporated herein by this reference and made a part hereof. For a particular description of the lots or parcels of land bearing the respective assessment numbers set forth in that list, reference is hereby made to the assessment and to the diagram, and any amendments thereto, recorded in the office of the Director of Public Works of the City, after confirmation thereof by the Council.

Section 2.03 ISSUANCE OF BONDS. The Bonds, in the aggregate principal amount of not to exceed \$2,100,000, shall be issued as hereinafter provided and be secured by the moneys in the Redemption Fund and by the Assessments, or portion thereof, in accordance with, under and pursuant to the provisions of the Resolution of Intention and the proceedings thereunder duly had and taken. The actual principal amount shall be as set forth in Exhibit A hereto. The Bonds shall be known as "Limited Obligation Improvement Bonds, City of Lodi, Series 1996-1, Lodi Central City Revitalization Assessment District No. 95-1", and shall be dated the Bond Date. The Bonds are limited obligations of the City pursuant to Section 5.03 of this Resolution.

Section 2.04 MATURITIES OF BONDS. The Bonds shall be issued in only fully registered form, without coupons, in the Bond Denomination, so long as no Bond shall have more than one maturity date. The Bonds shall be dated with the Bond Date and mature on September 2 in each of the years and in the amounts set forth in Exhibit A hereto. The Bonds shall be numbered or otherwise identified as determined by the Agent.

Section 2.05 INTEREST ON BONDS. The Bonds shall bear interest at the rate or rates set forth in Exhibit A hereto.

Interest on the Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Bond Register as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Agent mailed by first class mail on or before each Interest Payment Date to the Owner, at the address of such Owner as it appears on the Bond Register. Principal of and premium (if any) on any Bond shall be paid upon presentation and surrender thereof at the Principal Office of the Agent. Both the principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America. Upon the written request of an Owner of \$1,000,000 or more in aggregate principal amount of Bonds, such interest shall be paid on the Interest Payment Date by wire transfer in immediately available funds to an account in the continental United States of America designated by such Owner to the Agent on or before the applicable Record Date preceding such Interest Payment Date.

Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months. The Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication of the Bonds, except for any Bond which is authenticated on an Interest Payment Date, in which event such Bond shall bear interest from such date of authentication, and except for any Bond which is authenticated prior to the first Interest Payment Date, in which event such Bond shall bear interest from the Bond Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the date to which interest has previously been paid or made available for payment in full. The Bonds shall continue to bear interest after maturity at their interest rates, provided that they are presented at maturity and payment thereof is refused upon the sole ground that there are not sufficient moneys in the Redemption Fund. If not presented at maturity, interest will run on the Bonds until maturity.

Section 2.06 DESIGNATION OF AGENT. First Trust of California National Association, at its corporate trust office, San Francisco, California, is hereby designated as the Agent to perform the actions and duties required under this Resolution for the

authentication, registration, transfer, and payment of the Bonds. The City Manager is hereby authorized and directed to enter into an appropriate agreement with the Agent for such purposes.

Section 2.07 FORM OF BONDS. The Bonds, the form of Agent's certificate of authentication, and the form of assignment to appear thereon, shall be substantially in the respective forms set forth in Exhibit B attached hereto and by this reference herein incorporated, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Resolution. "CUSIP" identification numbers shall be imprinted on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery or pay for the Bonds. In addition, failure on the part of the City or the Agent to use such CUSIP numbers in any notice to Owners shall not constitute an event of default or any violation of the City's contract with such Owners and shall not impair the effectiveness of any such notice.

Section 2.08 PREPARATION AND DELIVERY OF BONDS. Upon execution of the Bond Purchase Contract on behalf of the City, the Finance Director is hereby directed to cause the Bonds to be prepared in accordance with this Resolution and to cause their delivery upon their completion and execution to the Agent, who shall authenticate and deliver the Bonds to the Original Purchaser, upon receipt of the purchase price therefor, and upon receipt of the request of the City.

Section 2.09 EXECUTION OF BONDS. The Bonds shall be signed in the name and on behalf of the City with the manual or facsimile signatures of the Finance Director and attested by the manual or facsimile signature of the Clerk. The Bonds shall then be delivered to the Agent for authentication. In case any officer who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered by the Agent or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issuance, shall be as binding upon the City as though the individual who signed the same had continued to be such officer of the City. Also, any Bond may be signed on behalf of the City by any individual who on the actual date of execution of such Bond shall be the proper officer although on the nominal date of such Bond such individual shall not have been such officer.

Only such of the Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit B, manually executed by the Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Agent shall be conclusive evidence that the Bonds so authenticated

have been duly authenticated and delivered hereunder and are entitled to the benefits of this Resolution. The Agent's certificate of authentication on any Bonds shall be deemed to be executed by it if signed by the Agent or by an authorized officer or signatory of the Agent, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder.

Section 2.10 TEMPORARY BONDS. The Bonds may be issued initially in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Finance Director and may contain such reference to any of the provisions of this Resolution as may be appropriate. Every temporary bond shall be executed by the officers designated and in the manner provided in Section 2.09 hereof and be registered and authenticated by the Agent upon the same conditions and in substantially the same manner as definitive Bonds. If the City issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered for cancellation, in exchange therefor at the Principal Office of the Agent and the Agent shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Resolution as definitive Bonds authenticated and delivered hereunder.

Section 2.11 TRANSFER AND EXCHANGE OF BONDS. Any Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Agent, duly executed. Whenever any Bond shall be surrendered for transfer, the Agent shall thereupon authenticate and deliver to the transferee a new Bond or Bonds of like tenor, maturity and aggregate principal amount. Bonds may be exchanged at the Principal Office of the Agent for Bonds of the same tenor and maturity and of other authorized denominations. No Bonds the notice of redemption of which has been given pursuant to Section 2.14 shall be subject to transfer or exchange pursuant to this Section. Neither the City nor the Agent shall be required to make such exchange or registration or transfer of Bonds on or after the Record Date. For any transfer or exchange under this Section, the City and the Agent may require the payment of a reasonable fee to cover the costs and expenses of the City and the Agent.

Section 2.12 BOND REGISTER. The Agent will keep or cause to be kept at its Principal Office a Bond Register for the registration and transfer of the Bonds, which shall

at all times during regular business hours be open to inspection by the City with reasonable prior notice; and, upon presentation for such purpose, the Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Bonds as hereinbefore provided.

Section 2.13 BONDS MUTILATED, LOST, DESTROYED OR STOLEN. If any Bond shall become mutilated, the Agent shall thereupon authenticate and deliver a new Bond of like maturity and principal amount in an authorized denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Agent shall be cancelled by it and destroyed. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the City and the Agent and, if such evidence is satisfactory to them and indemnity satisfactory to them shall be given, the Agent shall thereupon authenticate and deliver a new Bond of like maturity and principal amount in an authorized denomination in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Agent may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Agent). The City and the Agent may require payment of a reasonable fee for each new Bond issued under this Section and of the expenses which may be incurred by the City and the Agent. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the City whether or not the Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Resolution with all other Bonds secured by this Resolution and any Supplemental Resolution.

Section 2.14 REDEMPTION PRIOR TO MATURITY.

Optional Redemption. Each Outstanding Bond, or any portion thereof in the amount of the Bond Denomination, may be redeemed and paid in advance of maturity upon any Interest Payment Date in any year by giving 30 days notice by registered or certified mail or personal service to the Registered Owner as required by applicable provisions of the Bond Law and by paying the principal amount thereof together with the Redemption Premium plus interest to the date of advanced maturity, unless sooner surrendered, in which event such interest shall be paid to the date of payment, all in the manner and as provided in the Bond Law. Neither the failure of any Registered Owner to receive redemption notice nor any defect in such notice shall affect the sufficiency of the proceedings for redemption of such Bonds.

The Finance Director shall cause to be called for redemption and retire Bonds upon prepayment of Assessments in amounts sufficient therefor, or whenever sufficient surplus funds are available therefor in the Redemption Fund.

The provisions of Part 11.1 of the Bond Law are applicable to the advance payment of Assessments and to the calling of the Bonds.

Section 2.15 REFUNDING OF BONDS. The Bonds may be refunded by the City pursuant to the procedures of Division 11 or 11.5 of the Streets and Highways Code of California upon the conditions as set forth in appropriate proceedings therefor, all as determined by the Council; provided, however, that the Council hereby determines that the Bonds shall not be subject to such refunding procedures prior to the Refunding Date. This determination shall not apply to, or in any manner limit, advancement of the maturity of any Bond or Bonds pursuant to Parts 8, 9, 11 or 11.1 of the Bond Law, nor shall this determination apply to, or in any manner limit, the redemption and payment of any Bonds pursuant to any subsequent proceedings which provide for the payment in full of all amounts necessary to eliminate any fixed special assessment liens previously imposed upon any assessment parcel within the Assessment District.

ARTICLE III SALE AND DELIVERY OF BONDS

Section 3.01 SALE OF BONDS. The Bonds shall be sold to the Original Purchaser pursuant to a Bond Purchase Contract between the City and the Original Purchaser. The City Manager is hereby authorized to negotiate and execute the Bond Purchase Contract with the Original Purchaser for the sale of the Bonds, subject to such conditions as shall be provided by separate resolution of the Council.

Section 3.02 FURTHER AUTHORITY. The Officers of the City are hereby authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Resolution, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

The City Manager and the Clerk are authorized to complete and to approve changes in any provisions of this Resolution and Exhibit A hereto in order to accomplish the delivery of any of the Bonds on schedule; such changes may be accomplished by attachment of a certificate, executed by both such officers, to this Resolution on file in the office of the Clerk.

ARTICLE IV
APPLICATION OF PROCEEDS OF BONDS
ESTABLISHMENT OF FUNDS

Section 4.01 APPLICATION OF PROCEEDS OF SALE OF BONDS. Upon receipt of the proceeds of sale of the Bonds on the Closing Date, the proceeds thereof shall be forthwith set aside, paid over and deposited by the Finance Director, as set forth in the Bond Purchase Contract, a Certificate of the City, this Article IV and Exhibit A hereto.

Section 4.02 IMPROVEMENT FUND. The Improvement Fund is hereby established as a separate fund to be held by the Finance Director to the credit of which deposits shall be made as required by Sections 4.01 and 4.03. The moneys in the Improvement Fund shall be disbursed for the purpose of paying or reimbursing the costs of acquiring and constructing the Project, including but not limited to all costs incidental to or connected with such acquisition and construction. Disbursements from the Improvement Fund shall be subject to the provisions of Sections 5.08 hereof. Any surplus remaining after payment of all such costs and expenses shall be used as set forth in the proceedings pursuant to the Resolution of Intention and applicable provisions of the Act and the Improvement Fund shall be closed.

Section 4.03 COSTS OF ISSUANCE FUND. The Costs of Issuance Fund is hereby established as a separate fund to be held by the Finance Director. The moneys in the Costs of Issuance Fund shall be used solely for the purpose of the payment of Costs of Issuance on or after the Closing Date. Any funds remaining in the Costs of Issuance Fund on the date that is six months after the Closing Date shall be transferred to the Improvement Fund and the Costs of Issuance Fund shall be closed.

Section 4.04 REDEMPTION FUND.

(A) Establishment of Redemption Fund. The Redemption Fund is hereby established as a separate fund to be held by the Finance Director to the credit of which deposits shall be made as required by Sections 4.01, 4.05(D), 5.01 and, if applicable, Section 4.02 and any other amounts required to be deposited therein by this Resolution or the Bond Law. Moneys in the Redemption Fund shall be held for the benefit of the City and the Owners of the Bonds, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below.

(B) Disbursements. On or before each Interest Payment Date, there shall be withdrawn from the Redemption Fund and delivered to the Agent for payment to the Owners of the Bonds the principal of, and interest and any premium, then due and

payable on the Bonds. Five (5) business days prior to each Interest Payment Date, the Finance Director shall determine if the amount then on deposit in the Redemption Fund is sufficient to pay the Debt Service due on the Bonds on such Interest Payment Date; and if such amount is insufficient for such purpose, the Finance Director shall transfer to the Redemption Fund from the Reserve Fund, to the extent of any funds available therein, the amount of such insufficiency. Amounts so withdrawn from the Reserve Fund and deposited to the Redemption Fund shall be applied to the payment of the Bonds. If, after such transfers, there are insufficient funds in the Redemption Fund to make the payments provided for in the first sentence of this Section 4.04(B), the available funds shall be applied first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds, and then to payment of principal due on the Bonds by reason of Bonds called for redemption pursuant to Section 2.14 hereof.

Section 4.05 RESERVE FUND.

(A) Establishment of Fund. The Reserve Fund is hereby established as a separate fund to be held by the Finance Director to the credit of which an initial deposit shall be made on the Closing Date as required by Section 4.01, which Reserve Requirement is equal initially to seven percent (7%) of the principal amount of the Bonds. Proceeds from redemption or sale of properties with respect to which payment of delinquent Assessments and interest thereon was made from the Reserve Fund, shall be credited to the Reserve Fund. Moneys or assets in the Reserve Fund shall be held in trust for the benefit of the City and the Owners as a reserve for the payment of principal of, and interest and any premium on, the Bonds. The Finance Director shall cause the Reserve Fund to be administered in accordance with Part 16 of the Bond Law.

(B) Use of Fund. Except as otherwise provided in this Section 4.05, all amounts deposited in the Reserve Fund shall be used and withdrawn solely for the purpose of making transfers to the Redemption Fund in the event of any deficiency at any time in the Redemption Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds or in accordance with the provisions of this Section 4.05, for the purpose of redeeming Bonds.

(C) Prepayment of Assessments. Whenever, after the issuance of the Bonds, an Assessment is prepaid, in whole or in part, as provided in the Bond Law, the Reserve Fund may be reduced in an amount equal to the product of the ratio of the original amount of the Assessment so paid to the original amount of all Assessments, times the initial Reserve Requirement. The prepayer shall be entitled to a credit in a like amount in

determining the amount of such prepayment, and the amount of such credit shall be transferred from the Reserve Fund to the Redemption Fund.

(D) Transfer of Excess of Reserve Requirement. Whenever the balance in the Reserve Fund exceeds the then applicable Reserve Requirement, there shall, except as provided in Section 5.08 hereof for purposes of rebate, be transferred on or before the next Interest Payment Date an amount equal to the excess from the Reserve Fund to the Redemption Fund to be used in accordance with Part 16 of the Bond Law. If such balance when added to the Redemption Fund is sufficient to retire all the Outstanding Bonds, whether by advance retirement or otherwise, collection of the principal and interest on the Assessments shall be discontinued and the Reserve Fund liquidated in retirement of the Outstanding Bonds at the written direction of the City. If such balance in the Reserve Fund at the time of liquidation exceeds the amount required to retire all of the Outstanding Bonds, the excess after payment of amounts due to the Finance Director, shall be transferred to the City to be used in accordance with the Act and the Bond Law.

Section 4.06 ESCROW FUND. The Escrow Fund is hereby established as a separate fund to be held by the Finance Director to the credit of which an initial deposit shall be made on the Closing Date as required by Section 4.01. The Escrow Fund shall be maintained and disbursed solely for the advance redemption of the Prior Bonds outstanding on the Closing Date.

(A) The Finance Director shall direct the paying agent for the Prior Bonds to give written notice by registered mail, substantially in the form attached hereto as Exhibit C and herein incorporated by this reference, to each holder or owner of the Prior Bonds at least 60 days prior to January 2, 1997, the date of advanced maturity.

(B) The Finance Director shall pay from the Escrow Fund to the paying agent for the Prior Bonds the amount of such agent's fee and costs incurred for such notice and upon the surrender of the Prior Bonds to such agent shall pay to the agent the amount of the principal of, the premium on and interest accrued to the date of payment or date of advanced maturity, whichever is earlier.

(C) In the event that any of such Prior Bonds are not timely surrendered for redemption, the Finance Director shall hold in the Escrow Fund for the credit of the owner or holder of such Prior Bonds the amount of the principal of, the premium, and interest accrued, on such Prior Bond to such date of advanced maturity and interest thereon shall cease.

Section 4.07 INVESTMENT OF FUNDS. Moneys in the Improvement Fund, the Costs of Issuance Fund, the Redemption Fund, the Reserve Fund, and the Escrow Fund shall, whenever practicable, be invested in Authorized Investments, maturing not more than five (5) years after the date of investment. Any income therefrom or interest thereon shall accrue to and be deposited in the fund from which such moneys were invested, subject to the provisions of Sections 4.05 and 5.10 hereof. The Agent shall invest any moneys held by it only upon written direction of the City.

ARTICLE V COVENANTS OF THE CITY; TAX COVENANTS

Section 5.01 COLLECTION OF UNPAID ASSESSMENTS. The City shall comply with all requirements of the Act, the Bond Law and this Resolution to assure the timely collection of the Assessments, including, without limitation, the enforcement of delinquent Assessments. To that end, the following shall apply:

(A) The Assessments as set forth on the list on file with the Finance Director together with the interest thereon, shall be payable in annual installments corresponding in number and proportionate amount to the number of installments and principal amounts of Bonds maturing or becoming subject to mandatory prior redemption under Section 2.14 hereof. An annual proportion of each assessment shall be payable in each Fiscal Year preceding the date of maturity or mandatory prior redemption date of each of the Bonds issued, sufficient to pay the Bonds when due (including Sinking Fund Payments). All sums received from the collection of the Assessments and of the interest and penalties thereon, less amounts retained by the City for administrative costs, shall be placed in the Redemption Fund immediately upon receipt from the County Tax Collector.

(B) The Finance Director shall, before the final date on which the Auditor will accept the transmission of the Assessments for the parcels within the Assessment District for inclusion on the next tax roll, prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the installments of the Assessments on the next secured tax roll. The Finance Director is hereby authorized to employ consultants to assist in computing the installments of the Assessments hereunder and in reconciling Assessments billed to amounts received as provided in subsection (C) of this Section 5.01.

(C) The annual proportion of each Assessment coming due in any year, together with the annual interest thereon, shall be payable and be collected in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property. In addition to any amounts authorized pursuant to section 8682 of the Bond Law to be included with the annual amounts of installments as aforesaid, the City, pursuant to section 8682.1 of the Bond Law, may cause to be entered on the assessment roll on which taxes will next become due, opposite each lot or parcel of land within the Assessment District in the manner set forth in section 8682 of the Bond Law, each lot's or parcel's pro rata share of the estimated annual expenses of the City in connection with the administrative duties thereof for the Bonds, including, but not limited to, the costs of registration, authentication, transfer of the Bonds, the administration and collection of assessments, the administration of the Reserve Fund or other related funds, and compliance with the provisions of this Article V and payment of amounts required to be rebated to the United States pursuant to the Tax Code. If the City performs any transfer, registration, authentication, payment or other function described in this Article V, the expenses shall include a pro rata amount of the salaries of the City employees involved in the performance of such functions and all other costs incurred by the City in connection therewith. Pursuant to the provisions of section 10312 of the Act, the Council has established a maximum amount of two percent (2%) of each annual installment of principal and interest due on the Bonds issued to reimburse the City for such costs. Delinquent Assessments shall be subject to foreclosure pursuant to Section 5.02 hereof.

Section 5.02 FORECLOSURE. The City hereby covenants with and for the benefit of the Owners of the Bonds that it will, subject to the conditions below, order, and cause to be commenced within 150 days after the occurrence of a delinquency and thereafter diligently prosecute an action in the superior court to foreclose the lien of any Assessment or installment thereof which has been billed, but has not been paid, pursuant to and as provided in Part 14, commencing with section 8830, of the Bond Law. On or before February 1st and June 1st of each fiscal year during the term of the Bonds the Finance Director shall cause the records of the County Tax Collector to be monitored to determine if there are any delinquencies in the payment of such Assessments. If the amount of the delinquencies exceeds seven percent (7%) of the installments due and the Reserve Fund balance is less than the Reserve Requirement, or if a single

property owner in the Assessment District is delinquent in excess of \$10,000 with respect to the Assessment installments due, the Finance Director shall notify the City Attorney of any such delinquency of which the Finance Director is aware. If the City does not determine to advance any funds necessary to cover debt service on the Bonds, the City Attorney shall commence, or cause to be commenced, such foreclosure proceedings. The City Attorney is hereby authorized to employ counsel to conduct any such foreclosure proceedings.

Section 5.03 NO ADVANCES FROM AVAILABLE SURPLUS FUNDS. The City shall not be obligated to advance Available Surplus Funds of the City to cure any deficiency which may occur in the Redemption Fund.

Section 5.04 PUNCTUAL PAYMENT; COMPLIANCE WITH DOCUMENTS. The City shall punctually pay or cause to be paid the interest and principal to become due with respect to all of the Bonds in strict conformity with the terms of the Bonds and of this Resolution, and will faithfully observe and perform all of the conditions, covenants and requirements of this Resolution.

Section 5.05 NO PRIORITY FOR ADDITIONAL OBLIGATIONS. The City covenants that no additional bonds or other obligations shall be issued or incurred on a parity with, or having any priority over, the Bonds in the payment of principal or interest out of the Assessments.

Section 5.06 DISCLOSURE REQUIREMENTS. The City and the Agent hereby covenant and agree that they will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, and not later than December 31 of each year, the City or its designee shall prepare and file the annual reports required thereunder. Notwithstanding any other provisions of this Resolution, failure of the City or the Agent to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 5.07 FURTHER ASSURANCES. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Resolution, and for better assuring and confirming unto the Owners of the Bonds the rights and benefits provided by this Resolution.

Section 5.08 TAX COVENANTS.

(A) The City covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Bonds under section 103 of the Tax Code. Without limiting the generality of the foregoing, the City covenants that it will comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth. This covenant shall survive payment in full or defeasance of the Bonds.

(B) In the event that at any time the City is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Agent under this Resolution, the City shall so instruct the Agent under this Resolution in writing, and the Agent shall take such action as may be necessary in accordance with such instructions.

(C) Notwithstanding any provisions of this Section, if the City shall provide to the Agent an opinion of counsel of recognized standing in the field of law relating to municipal bonds that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Agent may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be modified to that extent.

ARTICLE VI MISCELLANEOUS

Section 6.01 FUNDS AND ACCOUNTS. Any funds or accounts required by this Resolution to be established by the Finance Director or the Agent and held and maintained by the Agent may be established and maintained in the accounting records of the Finance Director or the Agent either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or an account, but all such records with respect to all such funds or accounts shall at all times be maintained in accordance with sound accounting practices and with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

Section 6.02 PARTIAL INVALIDITY. If any one or more of the covenants or agreements, or portions thereof, provided in this Resolution to be performed on the part of the City, the Council or the Agent should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and

void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Resolution or of the Bonds; but the Owners shall retain all the rights and benefits accorded to them under applicable provisions of law. The Council hereby declares that it would have adopted this Resolution and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof, and would have authorized the issuance of the Bonds pursuant hereto, irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution or the application thereof, to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 6.03 DEFEASANCE. The Bonds shall no longer be deemed to be outstanding and unpaid if the City shall have made adequate provision for the payment, in accordance with the Bonds and this Resolution, of the principal, interest and premiums, if any, to become due thereon at maturity or upon call and redemption prior to maturity. Such provision shall be deemed to be adequate if the Council shall, on behalf of the Assessment District, have irrevocably set aside, in a special trust fund or account, cash or non-callable Federal Securities which when added to the interest earned or to be earned thereon shall be sufficient to make such payments as they become due and to redeem any Bonds Outstanding on the earliest possible redemption date. Such provision may include, but is not limited to, the completion of proceedings and issuance of refunding bonds under the provisions of the Refunding Act of 1984 for 1915 Improvement Act Bonds, Division 11.5 of the California Streets and Highways Code, commencing with section 9500.

Section 6.04 VALIDITY OF BONDS. The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the acquisition of the Project or upon the performance by any person or such person's obligation with respect to the Project.

Section 6.05 PLEDGE OF ASSESSMENTS. The Bonds shall be secured by a first pledge (which pledge shall be effected in the manner and the extent herein provided) of all of the Assessments and all moneys deposited in the Redemption Fund and the Reserve Fund. The Assessments and all moneys deposited in those funds (except as otherwise provided herein) are hereby dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided herein and in the Bond Law until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with Section 6.03.

Section 6.06 REPEAL OF INCONSISTENT RESOLUTIONS. Any resolution of the Council and any part of such resolution, inconsistent with this Resolution, is hereby repealed to the extent of such inconsistency.

Section 6.07 AUTHORITY OF FINANCE DIRECTOR. All actions mandated by this Resolution to be performed by the Finance Director may be performed by the designee thereof or such other official of the City or independent contractor, consultant or trustee duly authorized by the City to perform such action or actions in furtherance of all or a specific portion of the requirements hereof.

Section 6.08 CERTIFIED COPIES. The Clerk shall furnish a certified copy of this Resolution to the Finance Director, to the Agent and to the County Auditor.

DATED: July 17, 1996

I, JENNIFER M. PERRIN, City Clerk of the City of Lodi, do hereby certify that Resolution No. 96-101 was passed and adopted at a regular meeting of the City Council of the City of Lodi, held July 17, 1996, by the following vote:

AYES: Councilmembers - **Davenport, Mann, Pennino, Sieglock and Warner (Mayor)**

NOES: Councilmembers - **None**

ABSENT: Councilmembers - **None**

ABSTENTIONS: Councilmembers - **None**


JENNIFER M. PERRIN, City Clerk

**CITY OF LODI
LODI CENTRAL CITY REVITALIZATION ASSESSMENT DISTRICT NO. 95-1
LIMITED OBLIGATION IMPROVEMENT BONDS**

Terms and Conditions

The following terms and conditions form a part of the foregoing Resolution as if set forth in the text thereof.

Bond Amount: Under Section 2.03 the actual aggregate principal amount of the Bonds is \$1,970,000.

Bond Maturities and Interest Rates: Under Sections 2.04 and 2.05 the maturities and rates of interest of the Bonds are as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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Serial Bonds:

[to be supplied]

1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011

Refunding Date: Under Section 2.15 the Refunding Date is March 2, 1997.

Deposit of Funds: Under Section 4.01, on the Closing Date the proceeds of the sale of the Bonds will be deposited as follows:

To the Improvement Fund	\$
To the Costs of Issuance Fund	\$
To the Reserve Fund	\$
To the Escrow Fund	\$

Reserve Requirement: Under Section 4.05 the Reserve Fund shall be initially funded in an amount not to exceed \$137,900.00 and thereafter the Reserve Requirement shall not exceed the maximum annual Debt Service on the Bonds.

EXHIBIT A

United States of America
State of California
County of San Joaquin

REGISTERED

REGISTERED

Number

\$*

CITY OF LODI
LIMITED OBLIGATION IMPROVEMENT BOND
LODI CENTRAL CITY REVITALIZATION ASSESSMENT DISTRICT NO. 95-1
SERIES 1996-1

INTEREST RATE

MATURITY DATE

BOND DATE

CUSIP NUMBER

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS \$_____

Under and by virtue of The Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the California Streets and Highways Code (the "Act"), the City of Lodi, County of San Joaquin, State of California (the "City"), will, out of the redemption fund for the payment of the bonds issued upon the unpaid assessments for the the acquisition, work and improvements more fully described in proceedings taken pursuant to Resolution No. 95-123, adopted by the City Council of the City on September 20, 1995, pay to the registered owner named above, or registered assigns, on the maturity date stated above, the principal amount stated above, in lawful money of the United States of America and in like manner will pay interest from the interest payment date next preceding the date on which this bond is authenticated, unless this bond is authenticated as of an interest payment date, in which event it shall bear interest from such interest payment date, or unless this bond is authenticated prior to March 2, 1997, in which event it shall bear interest from its date, until payment of the principal amount shall have been discharged, at the rate per annum stated above, payable semiannually on March 2 and September 2 in each year commencing on March 2, 1997. Interest is based upon a 360-day year divided into 12 months of 30 days each. The principal hereof and any redemption premium shall be paid upon surrender to the City, at the principal Corporate Trust Office of First Trust of California National Association (the "Agent"), or its successor, as Registrar, Transfer Agent, and Paying Agent, in St. Paul, Minnesota, of matured bonds or bonds called for redemption prior to maturity. The interest hereon is payable by check or draft mailed by first class mail on the interest payment date to the registered owner hereof at the registered owner's address as it appears on the records of the Agent as of the 15th day (the "Record Date") immediately preceding each interest payment date.

Provided, however, upon the written request made before the Record Date preceding an interest payment date by an Owner of \$1,000,000 or more in aggregate principal amount of Bonds, payment will be made, at the owner's option, by wire transfer of immediately available funds to an account in the continental United States designated by such Owner to the Agent.

This bond will continue to bear interest after maturity at the rate above stated, provided it is presented at maturity and payment thereof is refused upon the sole ground that there are not sufficient moneys in the redemption fund with which to pay the same. If it is not presented at maturity, interest thereon will run until maturity.

This bond shall not be entitled to any benefit under the Act or the Resolution Determining Unpaid Assessments and Providing For Issuance of Bonds (the "Resolution of Issuance"), or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been dated and manually signed by the Agent.

ADDITIONAL PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE HEREOF AND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH HEREIN AT LENGTH.

IN WITNESS WHEREOF, the City of Lodi has caused this bond to be signed in facsimile by its Finance Director and by its Clerk, and has caused its corporate seal to be reproduced in facsimile hereon all as of the __ day of __, 1996.

CITY OF LODI

City Clerk

Finance Director

(SEAL)

Certificate of Authentication and Registration

This is one of the Bonds, described in the within mentioned Resolution of Issuance, which has been authenticated and registered on

First Trust of California National Association,
Registrar, Paying Agent and Transfer Agent

By _____
Authorized Officer

(Reverse side of Bond)

LIMITED OBLIGATION IMPROVEMENT BOND
CITY OF LODI
LODI CENTRAL CITY REVITALIZATION ASSESSMENT DISTRICT NO. 95-1
SERIES 1996-1

ADDITIONAL PROVISIONS OF THE BOND

This bond is one of several annual series of bonds of like date, tenor and effect, but differing in amounts, maturities, and interest rates, issued by the City under the Act and the Resolution of Issuance, for the purpose of providing means for paying for the improvements described in the proceedings, and is secured by the moneys in the bond redemption fund and by the unpaid assessments made for the payment of the improvements, and, including principal and interest, is payable exclusively out of such fund.

This bond is transferable by the registered owner hereof, in person or by the owner's attorney duly authorized in writing, at the office of the Agent, subject to the terms and conditions provided in the Resolution of Issuance, including the payment of certain charges, if any, upon surrender and cancellation of this bond. Upon such transfer, a new registered bond or bonds, of any authorized denomination or denominations, of the same maturity, for the same aggregate principal amount, will be issued to the transferee in exchange therefor. The Agent shall not be required to make such exchange or registration of transfer of bonds during the 15 days immediately preceding any interest payment date.

Bonds shall be registered only in the name of an individual (including joint owners), a corporation, a partnership, or a trust.

The City and the Agent may treat the owner hereof as the absolute owner for all purposes, and the City and the Agent shall not be affected by any notice to the contrary.

This bond or any portion of it in the amount of five thousand dollars (\$5,000), or any integral multiple thereof, may be redeemed and paid in advance of maturity upon the second day of March or September in any year by giving at least 30 days notice by registered or certified mail or by personal service to the registered owner hereof at the owner's address as it appears on the registration books of the Agent by paying principal and accrued interest, together with a premium of two percent (2%) of the principal.

This bond is a Limited Obligation Improvement Bond. Under the Resolution of Issuance, the City is not obligated to advance funds from the City treasury to cover any deficiency which may occur in the redemption fund for the Bonds.

LEGAL OPINION

I hereby certify that the following is a correct copy of the signed legal opinion of Timothy J. Hachman, Attorney at Law, Stockton, California, addressed to the City of Stockton and on file in my office, dated the date of the Bonds.

City Clerk

(Insert opinion letter)

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though written in full, according to applicable laws or regulations:

TEN COM - as tenants in common

UNIF GIFT MIN ACT - Custodian (Cust)
____ (Minor) under Uniform Gifts to
Minors Act _____ (State)

TEN ENT - as tenants by the
entireties

JT TEN - as joint tenants with
right of survivorship and not
as tenants in common

ADDITIONAL ABBREVIATIONS MAY BE USED THOUGH NOT INCLUDED IN THE ABOVE LIST

ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint _____, attorney, to transfer the same on the registration books of the Agent, with full power of substitution in the premises.

Dated:

NOTICE: The signature on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

NOTICE OF ADVANCED MATURITY AND FULL REDEMPTION

**\$125,000, SERIES 1984-1
CITY OF LODI IMPROVEMENT BONDS
Lodi United Downtown Assessment District, Beautification Project**

NOTICE IS HEREBY GIVEN to the holders or owners of the Bonds described herein that the City of Lodi, California has advanced the maturity to and will redeem all outstanding Bonds on **January 2, 1997** (the "Redemption Date"), at the principal amount thereof and a premium of five percent (5%) of such principal amount (the "Redemption Price"), together with interest accrued to the Redemption Date.

<u>Maturity Dates</u>	<u>Principal Amount</u>	<u>CUSIP Numbers</u>
July 2, 1997	\$40,000.00	267994XU0
July 2, 1998	\$40,000.00	267994XV8
July 2, 1999	\$45,000.00	267994XW6

FROM AND AFTER JANUARY 2, 1997, INTEREST SHALL CEASE TO ACCRUE ON THE BONDS. INTEREST WILL BE PAID IN THE USUAL MANNER FOR THE PERIOD FROM JULY 2, 1996 TO JANUARY 2, 1997.

Payment of the Redemption Price on the above Bonds will become due and payable on the Redemption Date upon presentation and surrender thereof at the office of the Paying Agent in the following manner:

If by Mail:
First Trust National Association
First Trust Center
P. O. Box 64111
St. Paul, MN 55164-0111

If by Hand or Overnight Mail:
First Trust National Association
180 East Fifth Street
4th Floor - Bond Drop Window
St. Paul, MN 55101

Telephone (612) 973-6700 or (800) 934-6802

Bondholders presenting their Bonds in person for same day payment must surrender their Bond(s) by 1:00 P.M. on the Redemption Date and a check will be available for pick up after 2:00 P.M. Checks not picked up by 4:30 P.M. will be mailed to the bondholder via first class mail. If payment of the Redemption Price is to be made to the registered owner of the Bond, you are not required to endorse the bond to collect the Redemption Price.

IMPORTANT NOTICE

Failure to submit a completed Form W-9 to certify tax identification number will result in a 31% backup withholding to the holder, under the Interest and Dividend Tax Compliance Act of 1983 as amended by the Energy Policy Act of 1992.

The Paying Agent shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Redemption Notice. It is included solely for convenience of the holders.

Dated: _____, 1996

CITY OF LODI, County of San Joaquin, State of California
By First Trust of California National Association, as successor to
Bank of America National Trust and Savings Association, as Paying Agent